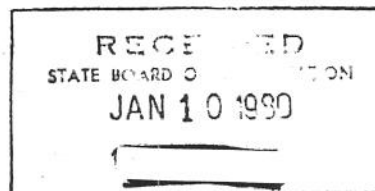


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CH
LASHING GEAR

(916) 445-6450

January 9, 1980



Dear [REDACTED]

This is in reply to your request for a written opinion on the application of sales tax to items used for tying cargo to vessels.

Specifically, you are making sales of wire rope, turnbuckles, shackles and clips which are used to lash cargo to vessels engaged in foreign commerce. You believe the wire rope is taxable because it does not become a part of the normal equipment of the vessel and is cut into various lengths for a particular voyage. It is your position that the turnbuckles, shackles and clips are exempt as lashing gear which becomes part of the equipment normally carried aboard.

Section 6368, Revenue and Taxation Code, provides:

"There are exempted from the taxes imposed by this part the gross receipts from the sale of and the storage, use, or other consumption in this State of watercraft for use in interstate or foreign commerce involving the transportation of property or persons for hire...and any sales of tangible personal property becoming a component part of such watercraft in the course of constructing, repairing, cleaning, altering, or improving the same...." (Emphasis added.)

Sales and Use Tax Regulation 1594 provides that to be considered a "component part", the property must be an integral part of the watercraft, affixed or attached thereto in a substantial manner when in use. (Regulation 1594(c)(1).) We view wire rope, turnbuckles, shackles, and clips as qualifying as a "component part" and exempt from the tax when principally used as lashing gear which is affixed to watercraft or an affixed part thereof and used in an exempt operation of the watercraft.

January 9, 1980

Gear which is principally used to lash cargo to itself, to other cargo, or to dunnage not affixed to the vessel would not qualify because the gear would not be affixed to the watercraft. Please note this is expressed in the enclosed pamphlet, "Tax Tips for the Watercraft Industry", page 8 (Taxable Items).

The fact that the equipment is used to lash cargo rather than running gear of the watercraft does not derogate from the exempt status if the watercraft qualifies for the watercraft exemption. Nor do we believe the wire rope is subject to the tax merely because it may be discarded at the end of the voyage.

We trust this has answered your question. If you need further information, feel free to write.

Very truly yours,

Ronald L. Dick
Legal Counsel

RLD:rt

Enclosure

